

VA Cash-Out > 90%

Last Update:
01.22.2024

Primary Residence

Loan Purpose	Minimum FICO	Maximum Base Loan Amount	Max LTV/CLTV	Units	Terms Available
Cash-Out	680	\$2,500,000	90.01-100% ¹	1-4 Units, Manufactured Homes	30 Year Term
	620	\$1,500,000			

¹ LTV/CLTV may NOT be exceeded by Funding Fee. Funding fee must be included in the LTV/CLTV calculation.

Minimum Total Loan Amount

\$75,000

VA Max County Loan Limits

[FHFA County Limit Lookup](#)

AUS

DU and LPA

Property Types

SFRs, PUDs, VA Approved Condos, 2-4 unit, Multi-Wide
Manufactured Homes

VA Condo Search

[VA Approved Condo Look-up](#)

VA Funding Fee For Non-Exempt

Transaction	Downpayment	% for First Time Use	% of Subsequent Use
Cash-Out	NA	2.15%	3.30%

General Requirements

Entitlement /Guaranty	<ul style="list-style-type: none"> 25% Guaranty is required. For loan amounts \$144,000 and below, only the first \$36,000 of basic entitlement may be used to guaranty the loan. If the veteran has no basic entitlement available, VA loan is ineligible. For loan amounts over \$144,000: <ul style="list-style-type: none"> Veterans with Full Entitlement: <ul style="list-style-type: none"> Veterans with full entitlement: VA will guaranty 25% regardless of the County Conforming Loan Limit. Down payment or equity is not required. Veterans with partial entitlement: VA will guaranty 25% of the lesser of the loan amount or the 1 unit County Conforming Limit less used entitlement. Down payment or equity may be required to meet the 25% guaranty.
VA Cash Out Seasoning	<p>Seasoning is applicable to all VA Refinances(IRRRL & Non-IRRRL) regardless of the type of loan being paid off through our transaction.</p> <p>The new note must be on or after the later of:</p> <ul style="list-style-type: none"> The date that is 210 days after the date on which the first monthly payment was due on the mortgage being refinanced, and The date on which six full monthly payments have been made on the mortgage being refinanced. <p>For modified loans, the new note date must be on or after the later of: -</p> <ul style="list-style-type: none"> The date that is 210 days after the date on which the first modified monthly payment was due on the mortgage being refinanced, and The date on which six modified payments have been made on the mortgage being refinanced.
Manual Underwriting	<p>Manual Underwriting is allowed</p> <ul style="list-style-type: none"> Max DTI with no Comp Factors is 41%. Max DTI with Comp Factors is 50%. <p>Note: Comp Factors are not needed if residual income excess the requirement by 50% or more.</p>
Net Tangible Benefit	<ul style="list-style-type: none"> (a) The new loan eliminates monthly mortgage insurance; or (b) Loan term of the new loan is less than the loan term of the loan being refinanced; or (c) Interest rate of the new loan is less than the interest rate of the loan being refinanced. (Note: If the loan being refinanced had an adjustable interest rate or was modified, the current interest rate must be used when determining if this requirement has been met.); or (d) The monthly P&I payment of the new loan is less than the monthly P&I payment of the loan being refinanced; or (e) The Veteran's monthly residual income is higher as a result of the new loan. (residual income, including refinancing monthly PITI payment vs. current residual income, including monthly PITI payment of the loan being refinanced.) In cases where TI amounts are changing between the application date and the closing date of the refinance transaction, the new TI amount will be used in determining residual income for both the current and refinanced loan); or (f) The new loan is used to payoff the Veteran's interim construction loan; or (g) The new loan LTV is equal to or less than 90% of the reasonable value of the home, i.e. LTV ≤ 90%; or (h) Refinance of an ARM to a Fixed-rate mortgage.

Credit Requirements

Age of Documents	<ul style="list-style-type: none"> • 180 days for Appraisal • 120 Days for Credit Report, Income and Assets • 90 days Title <p>All items are measured from Disbursement Date</p>
Bankruptcy	<p>Ch.7 Bankruptcy</p> <ul style="list-style-type: none"> • ≥ 2 years from discharge date • Must have re-established acceptable credit or chosen not to incur new credit obligations <p>Chapter 13: Discharged or Open with:</p> <ul style="list-style-type: none"> • 12 months of the payout period has elapsed under the bankruptcy from the date of application; and • The payout performance has been satisfactory with all required payments made on time; and • The borrower(s) must receive written permission from the bankruptcy court to enter into the mortgage transaction.
Borrower Eligibility	<p>Eligible Borrowers: Must have legal residency and valid Social Security Number</p> <p>Veteran and his or her spouse if the spouse:</p> <ul style="list-style-type: none"> • is not a veteran, or • is a veteran who will not be using his or her entitlement on the loan. • veteran and fiancé who intend to marry prior to loan closing and take title as veteran and spouse (conditioned upon their marriage) <p>A joint loan is a loan made to:</p> <ul style="list-style-type: none"> • the veteran and one or more nonveterans (not spouse), or • the veteran and one or more veterans (not spouse) who will not be using their entitlement, or • the veteran and the veteran's spouse who is also a veteran, and both entitlements will be used, or • the veteran and one or more other veterans (not spouse), all of who will use their entitlement. <p>Ineligible Borrowers:</p> <ul style="list-style-type: none"> • Foreign Nationals • Limited and General Partnerships • Irrevocable Trusts • ITIN borrowers • Any borrower combinations not listed
CAIVRS	Clear CAIVRS for each borrower is required for all transactions.
Charged Off Accounts	Charge off accounts do not need to be included in the debt. Charged-off accounts must still be considered in reviewing the borrower's overall credit history.
Collection Accounts	Collection accounts do not have to be paid off. However, collection accounts must be considered part of the borrower's overall credit history and unpaid collection accounts should be considered open, recent credit. Borrowers with a history of collection accounts should have reestablished satisfactory credit in order to be considered a satisfactory credit risk.
Contingent Liabilities	<p>The borrower(s) may have a contingent liability based on co-signing a loan. The debt may be excluded from the monthly obligations if:</p> <ul style="list-style-type: none"> • there is 12 months evidence that the loan payments are being made by someone else and the obligation is current, and • there is not a reason to believe that the borrower will have to participate in repayment of the loan.
Credit Score	<ul style="list-style-type: none"> • At least one of the borrowers must have a qualifying FICO score that meets our minimum requirements. • Non-Borrowing spouse's credit report is required in community property states and debts must be included in the ratios per VA Handbook.
Foreclosure, Deed in Lieu, Short Sale	<ul style="list-style-type: none"> • 2 years must elapse from date of closing and borrower must have re-established credit • If the foreclosure, deed in lieu or short sale was on a VA-guaranteed loan, then a borrower may not have full entitlement available for the new VA loan. Ensure that the borrower's COE reflects sufficient entitlement. • If the deed in Lieu or short sale was voluntarily surrendered and there was no indication of lates leading up to the event, then a waiting period from the date of transfer may not be necessary.
Disputed Derogatory Account	If the disputed information is isolated and the overall credit profile is acceptable, it is at underwriter discretion to leave the disputed account open or satisfactorily resolved.
Federal Income Tax Installment Agreements	Tax liens may remain unpaid if the Borrower has entered into a valid repayment agreement with the federal agency owed to make regular payments on the debt and the Borrower has made timely payments for at least 3 months of scheduled payments. The Borrower cannot prepay scheduled payments in order to meet the required minimum of 3 months of payments. Except for federal tax liens, the lien holder must subordinate the tax lien to the FHA Mortgage. Payment must be included in the DTI.

Closed End Debts less than 10 months	Closed-end debts do not have to be included if they will be paid off within 10 months from the date of closing unless the payment is so large as to cause a severe impact on the family's resources for any period of time.
Housing History (Mortgage/Rental)	AUS Approved Loans: 1x30 in the past 12 months. If more than 1x30 in the past 12 months, loan must be manually downgraded. Manually Underwritten Loans: *Maximum 3x30 in the past 12 months. *Subject to Underwriter's review.
Open 30-day Accounts	For open 30-day charge accounts, determine if the borrower(s) pays the balance in full each month, and has verified funds to cover the account balance in addition to any funds required for closing costs. • If there are sufficient funds, the payment does not need to be included in Section D of the VA Form 26-6393, Loan Analysis, but the obligation should continue to be listed. • If there are not sufficient funds, a minimum payment of 5 percent of the balance should be considered included in Section D of the VA Form 26-6393, Loan Analysis.
PACE loans	Outstanding PACE lien needs to be paid off prior to closing or with loan proceeds.
Solar Panels (Leased or PPA)	• The monthly solar payment is not included in the DTI ratio calculation.
Student Loan Qualification	<ul style="list-style-type: none"> • If the borrower(s) provides written evidence that the student loan debt will be deferred at least 12 months beyond the date of closing, a monthly payment does not need to be considered. • If a student loan is in repayment, or scheduled to begin within 12 months from the date of VA loan closing, the lender must consider the anticipated monthly obligation in the loan analysis and utilize the payment established by calculating each loan at a rate of five percent of the outstanding balance divided by 12 months. • If the payment(s) reported on the credit report for each student loan(s) is greater than the threshold payment calculation above, the lender must use the payment recorded on the credit report. • If the payment(s) reported on the credit report are less than the threshold payment calculation above, in order to count the lower payment, the loan file must contain a statement from the student loan servicer that reflects the actual loan terms and payment information for each student loan(s). • The statement(s) must be dated within 60 days of VA loan closing, and may be an electronic copy from the student loan servicer's website or a printed statement provided by the student loan servicer.
Income / Assets	
Amended Tax Returns Overlay	• Amended tax return must be filed before loan application date. An income increase of 20% or more from the original return will not be allowed or subject to management approval.
Assets	Verification of veteran's source of funds is not required if closing costs plus difference between sales price of the property and base loan amount is < 4% of the lesser of the Sales Price or Reasonable value established by NOV.
Rental Income	<p>Borrowers that have multiple properties must have a history of managing property to consider rental income as qualifying income.</p> <ul style="list-style-type: none"> • individual income tax returns, signed and dated or lender obtained tax transcripts, plus all applicable schedules for the previous 2 years, which show rental income generated by the property and, • documentation of cash reserves totaling at least 3 months mortgage payments (PITI) for each property (NO lien on the property, 3 months reserves to cover expenses such as taxes, hazard insurance, flood insurance, homeowner's association fees ect is required) <p>The lender may consider the prospective rental income for offset purposes only. Provide a justification on VA Form 26-6393, Loan Analysis</p> <ul style="list-style-type: none"> • history of managing rental property • lease agreement, or • 1007/216 Appraisal Schedules <p>If rental income will not, or cannot be used, then the full mortgage payment should be considered and reserves do not need to be considered.</p>
Reserves	<ul style="list-style-type: none"> • Equity in the property cannot be used as reserves. • Cash proceeds from a VA refinance cannot be counted as the required PITI on a rental property. The reserve funds must be in the borrower's account before the new VA loan closes. • Gift funds cannot be used to meet reserve requirements.

Residual Income Requirements when Credit Qualifying	Residual income is calculated on Credit Qualifying Loans only. The residual income calculated should be the greater than or equal to VA requirements below.				
	Loan Amounts \$79,999 and below				
	Family Size	Northeast	Midwest	South	West
	1	\$390	\$382	\$382	\$425
	2	\$654	\$641	\$641	\$713
	3	\$788	\$772	\$772	\$859
	4	\$888	\$868	\$868	\$967
	5	\$921	\$902	\$902	\$1,004
	Above 5	Add \$75 for each additional member up to a family of seven			
	Loan Amounts \$80,000 and above				
	Family Size	Northeast	Midwest	South	West
	1	\$450	\$441	\$441	\$491
	2	\$755	\$738	\$738	\$823
	3	\$909	\$889	\$889	\$990
	4	\$1,025	\$1,003	\$1,003	\$1,117
	5	\$1,062	\$1,039	\$1,039	\$1,158
Above 5	Add \$75 for each additional member up to a family of seven				
Geographical Regions for Residual Income Guidelines					
Northeast:	CT, ME, MA, NH, NJ, NY, PA, RI, VT				
Midwest:	IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI				
South:	AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, PR, SC, TN, TX, VA, WV				
West:	AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY				
Tax Transcripts	<ul style="list-style-type: none"> • All loans require a signed 4506-C form. Additional 4506-C form is required to be signed by Borrower's LLC, S Corp or Corporation Name and EIN • Tax Transcripts are required for: <ul style="list-style-type: none"> o Self-employed borrowers o Borrower employed by family member o Using rental income to qualify per tax returns o Relationship between the parties 				
Property					
2-4 Units	Rental income may only be included if there is documented evidence: <ul style="list-style-type: none"> • Borrower has rental management experience involving property maintenance and collection of rent. • 6 months reserves • 2 yrs tax returns when required per VA handbook 				
Appraisal Requirements	VA Appraisal within 180 days				
Condo Review	Must already be a VA approved Condo (including Site Condos).				
Escrow Accounts / Impounds	Required				
Escrow Holdbacks for Minor Repairs	<ul style="list-style-type: none"> • Allowed for repairs that do not present a health or safety concern and do not affect the structural integrity of the property. • \$5,000 limit on required repairs. • 1.5 times the repair to be held by escrow and released upon clearance by Nations Direct written authorization. • Repairs to be completed within 10 days of closing. 				
Ineligible Properties	<ul style="list-style-type: none"> • No Land Trusts, Indian Leased Land, Vacant land • Property Condition rating C6 and/or, Quality condition Q6 • Non-Warrantable Condo, Condo-tels, Co-Ops, Manufactured Condos • Commercial Property, Boarding houses, Bed and Breakfast • Working Farms • Non VA Approved Condos • One Time Close Construction to Perm Loans 				

Manufactured Homes	<ul style="list-style-type: none"> • 1 unit Primary Residence, Fixed Rate, Fee Simple Only • Property must not be located in a deed restricted area including restrictions for age and income • HUD Data Plates (Paper Certification located on the interior of the property) or IBTS Verification • Built on or after June 15, 1976 • Built on a permanent chassis in compliance with the applicable Manufactured Homes (HUD Codes) in effect as of the date the Manufactured Home was constructed. • Must be at least 12 feet wide (single-wide not allowed) and have a minimum of 700 square feet of gross living area. • Manufactured Condos not allowed • Flood insurance required for properties in flood zone. The finished grade level beneath the Manufactured home must be at or above the 100 year return frequency flood elevation. • Manufactured home must be on original site, relocated homes are not permitted • HUD Certification Labels (metal plates attached) or IBTS Verification if not attached to the property • Additions to the property are not permitted if the addition was to add GLA or if there were structural changes to the home (additions such as decks and green rooms without structural changes to the property may be accepted) • Borrower must own the land on which the home is located • Affidavit of Affixture (or its equivalent) to evidence property is classified and taxed as real property
Maximum Loan Exposure	NDM will not extend more than 4 active loans to any one individual or an aggregate of \$2 million.
Properties Listed for Sale / Listing History	Property must be taken off the market prior to application date and borrowers must confirm the intent to occupy for (primary residence)
State Restrictions	Please see our approved License States. TX 50(a)(6) is ineligible.